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March 25, 1997

Ex Parte Filing

William F. Caton, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

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William F. Caton, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

In re Matter of the Pay Telephone  
Reclassification and Compensation  
Provisions of the Telecommunications  
Act of 1996, **CC Docket No. 96-128**

Dear Mr. Caton:

On March 25, 1997, Paul Francischetti of Bell Atlantic, Alan Cort of Nynex, Cecilia Roudiez of Bell Atlantic, and I met with Christopher Wright and Sharon Diskin of the FCC's General Counsel office on behalf of the RBOC Payphone Coalition to discuss issues in the above-captioned proceeding. The enclosed document was prepared by the Coalition and was used for discussion purposes.

Two copies of this letter are being submitted to you in compliance with 47 C.F.R. § 1.1206(a)(2) to be included in the record of this proceeding.

If you have any questions concerning this matter, please contact me at (202) 326-7951.

Thank you for your consideration.

Yours sincerely,

  
Jeffrey A. Lamken

Enclosure

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# **RBOC PAYPHONE COALITION**

**Ex Parte**

**March 25, 1997**

## What Payphone Services Must LECs Offer

- The "smart line" for the "dumb set"
- The "dumb line" for the "smart set"
- “[S]ome combination of the two in a manner similar to the LECs”

--Report and Order, ¶ 146

--Recon. Order, ¶ 162

## What Features and Functions of Those Services Must Be Unbundled?

- Any features and functions LECs provide to their own payphone operations
  - “[A]ny basic transmission services *provided by a LEC to its own payphone operations* must be available under tariff to other payphone service providers pursuant to Computer II.” Report and Order ¶ 148 (emphasis added).
  - “[A]ny basic network services or unbundled features *used by a LEC's operations* to provide payphone service must be similarly available to independent payphone providers on a nondiscriminatory, tariffed basis.” Recon. Order ¶ 162 (emphasis added).

# **What Features and Functions of Those Services Must Be Unbundled?**

**(continued)**

- Additional elements requested by payphone providers based on the specific criteria and pursuant to procedures established in the Computer III and ONA proceedings
  - “BOCs must unbundle additional network elements when requested by payphone providers based on the specific criteria established in Computer III and ONA Proceedings.” Report and Order ¶ 148.
  - “Under Computer III, independent payphone providers may request unbundled features through a 120 day process. . . .” Recon. Order ¶ 165.
- Any unbundling required by state regulators
  - “States may impose further payphone service unbundling requirements. . . .” Report and Order ¶ 148.
  - “[S]tates may require all LECs to provide, pursuant to nondiscriminatory tariffs, unbundled neutral functionality.” Recon. Order ¶ 165.

# What Features and Functions Must Be Federally Tariffed?

- NOT the smart and dumb lines themselves
  - "LECs are not required to file tariffs for the basic payphone line for smart and dumb payphones with the Commission." Recon. Order ¶ 163
- Must tariff individual features and functions of those lines if unbundled and provided to LECs' own payphone operations
  - "LECs must file intrastate tariffs for these payphone [basic, bundled] services and any unbundled features they provide to their own payphone services. . . . LECs must file with the Commission tariffs for unbundled features consistent with the requirements established in the Report and Order." Recon. Order ¶ 163
  - "[A]ny basic network services or unbundled features used by a LEC's operations to provide payphone services must be similarly available to independent payphone providers on a nondiscriminatory, tariffed basis. *Those unbundled features or functions must be tariffed in the state and federal jurisdiction.*" Recon. Order ¶ 162 (emphasis added)
- Tariffing must follow unbundling; you cannot separately tariff an element that cannot be separately purchased.

## Consistency with Computer III / ONA

- No unbundled or federal tariff unless LEC takes unbundled feature

- “For CEI purposes a BOC must only make available to others the same basic services that it uses . . . . [No] further unbundling . . . is required to satisfy CEI requirements.” See, e.g., Memorandum Opinion and Order, NYNEX CEI Plan for Voice Messaging Services, 4 FCC Rcd 554, ¶ 15 (Com. Carrier Bureau 1989)

- Commission’s orders do not exceed requirements of ONA

- “[W]e conclude that the Computer III and ONA nonstructural safeguards will provide an appropriate regulatory framework to ensure that BOCs do not discriminate or cross-subsidize in their provision of payphone service. . . . We conclude that we do not have to adopt any additional safeguards beyond Computer III and ONA because of the comprehensive nature of that regulatory structure and the lack of a record necessary to conclude that a more burdensome framework should be adopted and is in the public interest.” Report and Order ¶ 199.

## Not Answer Supervision

- Answer supervision sends signal to payphone set indicating when call has been completed or disconnected; smart set handles coins based on this information (otherwise algorithm required)
- FCC specifically rejected request to require unbundling of answer supervision
  - “NJPA requests limited reconsideration of this ruling *to the extent it does not require the provision of answer supervision to independent PSPs as an unbundled element* of the service offered by LECs to their own payphones.” See Petition for NJPA for Partial Reconsideration and Clarification at 7 (Oct. 21, 1996) (emphasis added).
  - “On reconsideration, we decline to require further unbundling of payphone services beyond those established in the Report and Order.” Recon. Order ¶ 165.
- All Coalition members (with one exception) offer answer supervision either as bundled part of a payphone line or on an unbundled basis under state tariff
- Most Coalition members do not take answer supervision on an unbundled basis



## **Not Call Screening**

- Call screening functions used to prevent payphone fraud
  - selective class of call screening/originating line screening;
  - billed number screening;
  - international toll blocking
- Commission did not order call screening unbundled
- All Coalition members offer call screening, most commonly as a bundled part of the two basic (smart and dumb) payphone lines
- Most Coalition members do not take call screening on an unbundled basis.

## **Not Coin Supervision**

- Used to control coin collection and return on the "smart line" for "dumb phones"; a big part of what makes the "smart line" smart.
- Commission rejected APCC request to require unbundling
  - “[S]ome commenters have requested unbundled coin control, coin supervision, and call rating service. While these services are available on the standard coin line, it is not feasible to "unbundle" them and offer them separately at this time [because it would] necessitate significant and costly revisions to switch logic and operator service systems.” See Ex Parte Letter from Michael K. Kellogg to William F. Caton, FCC, September 6, 1996, at 3.
  - “We do not find that such unbundling is necessary to provide payphone services. In addition, some features would require substantial costs to make switch changes. [FN] See ex parte, Michael K. Kellogg to William F. Caton, Secretary, FCC, September 6, 1996, at 3; GVNW Comments at 5-7.” Report and Order ¶ 148 & n.509.
- No Coalition member takes or offers coin supervision on an unbundled basis
- All Coalition members offer coin collection as bundled part of the smart line

## Not Call Rating

- Switch looks up “coin rate” for toll calls from “rating table” using payphone location and destination of call
- All Coalition members provide “call rating” as part of basic “smart” line
- Variable call rating allows for different rates for intraLATA toll calls from different payphones by using multiple rating tables
- Coalition successfully argued against any requirement of variable call rating on the ground that it would require expensive switch changes in the absence of demonstrated demand

-Report and Order ¶ 149 nd n.509 (citing Coalition letter)

- Most Coalition members do not offer variable call rating either on an unbundled or a bundled basis
- No Coalition member takes variable call rating for its own payphone operations

## Mix and Match

- State and federal tariffs creates mix and match problems
  - Jurisdictional separations
  - cost recovery
  - conflicting state and federal restrictions
  - ONA therefore prohibited mix and match
    - Notice of Proposed Rulemaking, Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture, 4 FCC Rcd 3983, 3989, ¶ 44-45; see Report and Order & Order on Further Reconsideration, Amendments of Part 69, 6 FCC Rcd 4524, 4535, ¶ 65 (1991)
- Mix and match is Independent PSPs' goal
  - No demand for individual elements

## **Tariffing Presupposes Unbundling**

- Cannot require federal tariffing of individual feature unless it is unbundled
- APCC is trying to get through tariffing requirement what it lost on unbundling